

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 L-02 FRB-01 OMB-01 TAR-01

SP-02 SWF-01 AGR-05 AID-05 CIAE-00 COME-00 INR-05

LAB-04 NSAE-00 OIC-02 RSC-01 SIL-01 STR-01 TRSE-00

CIEP-01 CEA-01 AF-04 ARA-06 EA-06 NEA-06 /086 W

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R 101451Z DEC 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 9593

INFO USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EGEN ETRD UNCTAD

SUBJECT: UNCTAD TDB WORKING GROUP ON RULES OF ORIGIN - FINAL  
REPORT

1. AS A SUB-BODY OF THE TRADE AND DEVELOPMENT BOARD'S SPECIAL COMMITTEE ON PREFERENCES, THE WORKING GROUP ON RULES OF ORIGIN MET DEC 2-6, WITH THE ONLY SUBSTANTIVE AGENDA ITEM BEING "CONSULTATIONS ON CONCRETE PROPOSALS FOR IMPROVEMENT IN THE RULES OF ORIGIN, INCLUDING GREATER HARMONIZATION AND SIMPLIFICATION." UNDER THIS ITEM WERE LISTED: (A) LISTS OF PROCESSES A AND B; (B) VALUE-ADDED CRITERION; (C) DIRECT CONSIGNMENT; (D) CUMULATIVE TREATMENT; (E) DEVELOPED COUNTRY CONTENT; (F) BASIC MATERIALS LIST; AND, (G) OTHER ELEMENTS OF THE EXISTING RULES.

2. GROUP B SPOKESMAN (TORE GABRIELSSON - SWEDEN) INTRODUCED NEW DOCUMENT TD/B/C.5/WG (V)/CRP.2 TITLED "TEXTS ON VARIOUS ASPECTS OF THE RULES OF ORIGIN," NOTING THAT IT SHOULD BE VIEWED AS ILLUSTRATIVE OF WHAT A HARMONIZED SYSTEM OF RULES OF ORIGIN SHOULD LOOK LIKE,  
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BUT THAT IT IS PROVISIONAL AND INFORMAL. SECTION A

OF DOCUMENT, TITLED "LINGUISTIC HARMONIZATION FOR LISTS A AND B" DESCRIBES AGREEMENTS ON LINGUISTICS BY GROUP B COUNTRIES APPLYING YAOUNDE-TYPE RULES OF ORIGIN. SECTION B, "NOTES ON RULES OF ORIGIN APPLIED UNDER THE GENERALIZED SYSTEM OF PREFERENCES" OUTLINES THE RULES THAT WOULD APPLY IN THE DONOR COUNTRIES WITH THE EXCEPTION OF THE U.S. AND CANADA. (COMMENT: THIS EXCEPTION WAS CONSIDERED NECESSARY AS NEITHER THE U.S. NOR CANADA ATTENDED THE OECD TRADE COMMITTEE'S GROUP OF EXPERTS ON RULES OF ORIGIN MEETING IN PARIS, NOV 18-20. END COMMENT.) THE GROUP B CHAIRMAN STRESSED THAT THIS DOCUMENT REFLECTED A GOOD DEAL OF EFFORT, AND TOUCHED ON EACH AGENDA ITEM IN SOME WAY.

3. GROUP OF 77 SPOKESMAN (ALENCAN-BRAZIL) EXPRESSED APPRECIATION FOR NEW DOCUMENT, ASKED WHETHER AND HOW IT WOULD BE LINKED TO REQUESTS OF LDC'S AS CONTAINED IN PREVIOUS UNCTAD DOCUMENTATION (TC/B/C.5/WG(V)/2). GROUP B SPOKESMAN REPLIED THAT THIS DOCUMENT, WHICH WAS ONLY RECENTLY MADE AVAILABLE, WOULD BE GIVEN CAREFUL CONSIDERATION.

4. YUGOSLAVIA AND MEXICO THAN NOTED PARTICULAR PROBLEMS EXPERIENCED WITH EXISTING RULES, AND EC AND JAPAN OUTLINED RECENT AND CONTEMPLATED IMPROVEMENTS.

5. GROUP OF 77 INTRODUCED NEW DOCUMENT (TD/B/WG/L.1) TITLED "PROPOSAL OF THE GROUP OF 77 FOR AGREED CONCLUSIONS OF THE 5TH SESSION OF THE WORKING GROUP ON RULES OF ORIGIN." EC (READ FRANCE AND GERMANY) ADAMANTLY REFUSED TO DISCUSS THIS PAPER, CLAIMING THIS WAS SUPPOSED TO BE EXPERTS GROUP AND NOT NEGOTIATING SESSION. COMMENT: EC AND JAPAN BELIEVED THEY HAD GONE AS FAR AS POSSIBLE IN TERMS OF IMPROVEMENTS, AND DID NOT WISH TO RE-OPEN SUBJECT. END COMMENT. AFTER LONG DEBATE, G-77 PAPER WAS SET ASIDE, AND LATER WITHDRAWN FORMALLY.

6. U.S. REP DESCRIBED CURRENT STATUS OF TRA, NOTED SOME DIFFERENCES IN HOUSE AND SENATE VERSIONS. INDICATED LIMITED OFFICIAL USE

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THAT TO EXTENT MADE POSSIBLE BY FINAL LEGISLATION US WOULD CONSIDER DELIBERATIONS OF WORKING GROUP IN PRESCRIBING REGULATIONS ON RULES OF ORIGIN. STATED THAT AS SOON AS PRACTICABLE AFTER CONGRESS AUTHROIZES GSP, US WOULD NOTIFY UNCTAD RE RULES OF ORIGIN. VENEZUELA RAISED ONLY QUESTIONS, RE DIFFERING VALUE - ADDED PERCENTAGES AND PROBLEMS THIS WOULD PRESENT IN HARMONIZATION EFFORTS, AS WELL AS SENAT AMENDMENTS RESTRICTING

BENEFICIARY DEVELOPING COUNTRIES.

7. WORKING GROUP ADOPTED BY CONSENSUS "CONCLUSIONS OF THE WORKING GROUP." US REP EXPLAINED US PARTICIPATION IN CONCENSUS, NOTING US DESIRE TO BE FORTHCOMING IN THIS AREA, BUT CURRENTLY LIMITED BY LACK OF LEGISLATIVE AUTHORITY.

8. TEXT OF CONCLUSIONS FOLLOWS SEPTTEL.

9. COMMENT: VERY LITTLE DISCUSSION OCCURRED ON VALUE-ADDED TYPE RULES OF ORIGIN. LIKEWISE, VERY FEW CONCRETE PROBLEMS WERE RAISED BY THE G-77 RE RULES OF ORIGIN. ALMOST ALL QUESTIONS WERE DIRECTED AT EC. MEETING ENDED AMICABLY, WITH GP-77 AND GROUP B REASONABLY SATISFIED. END COMMENT.DALE

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**Disposition Approved on Date:**  
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